



resource generation

Investor update
Sep 2011

ASX: RES
JSE: RSG
ADR: RSGNY

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Information in this presentation that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr Van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Van Wyk consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

ASX/JSE codes: RES / RSG
Shares on issue: 262.9 million
Options on issue: 7.1 million
Market capitalisation: \$130 million
Cash on hand: A\$25 million



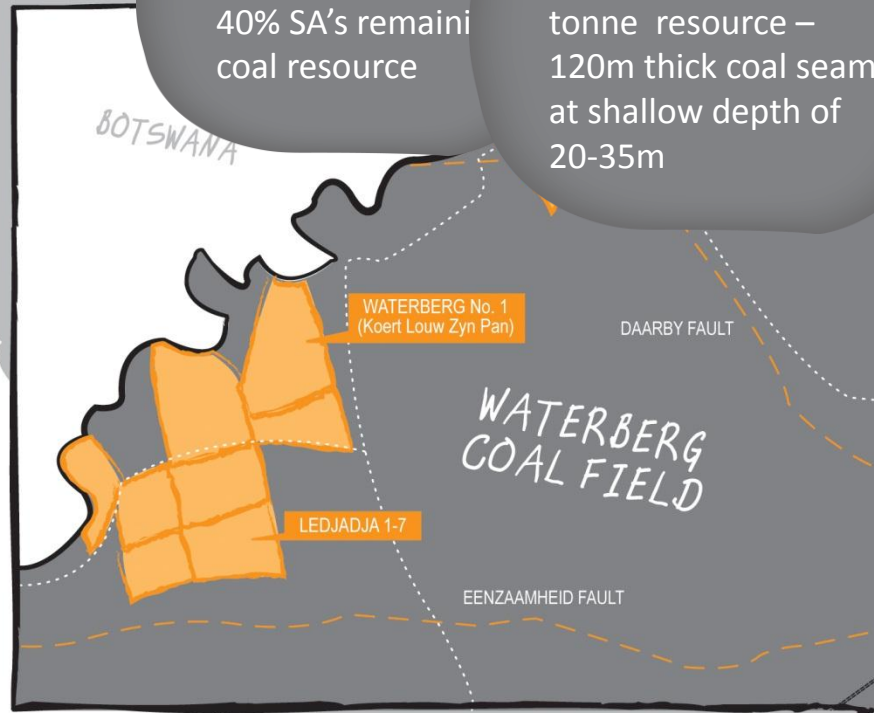
South Africa: the Boikarabelo opportunity



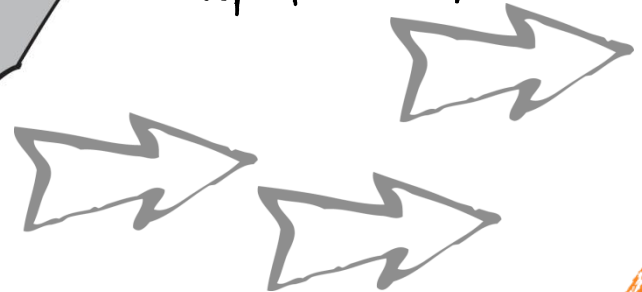
Waterberg Coalfield:
40% SA's remaining
coal resource

RES' Boikarabelo mine
– major 6.4 billion
tonne resource –
120m thick coal seam
at shallow depth of
20-35m

Current probable reserve
= 745 million tonnes .
Progressing to mine
development.



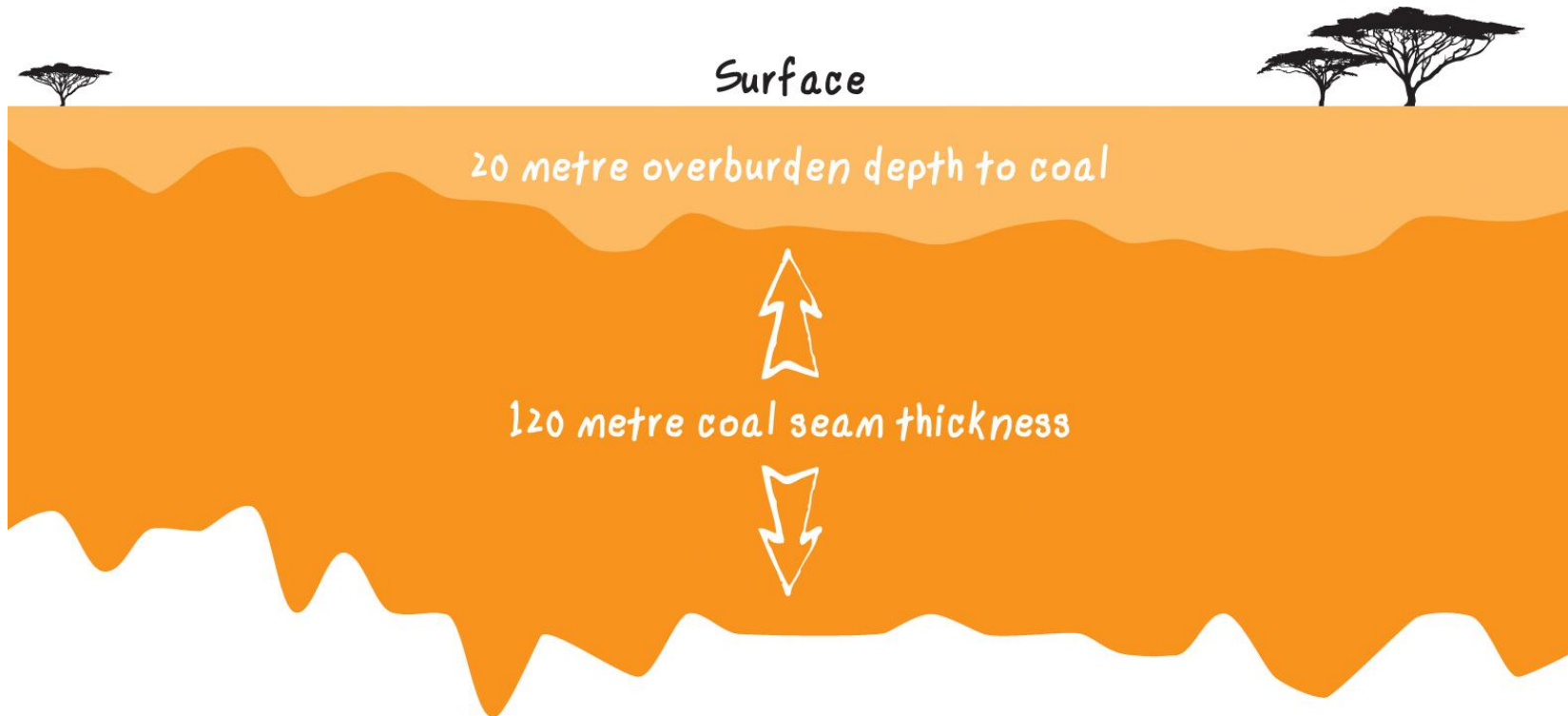
Continuing major
steps forward



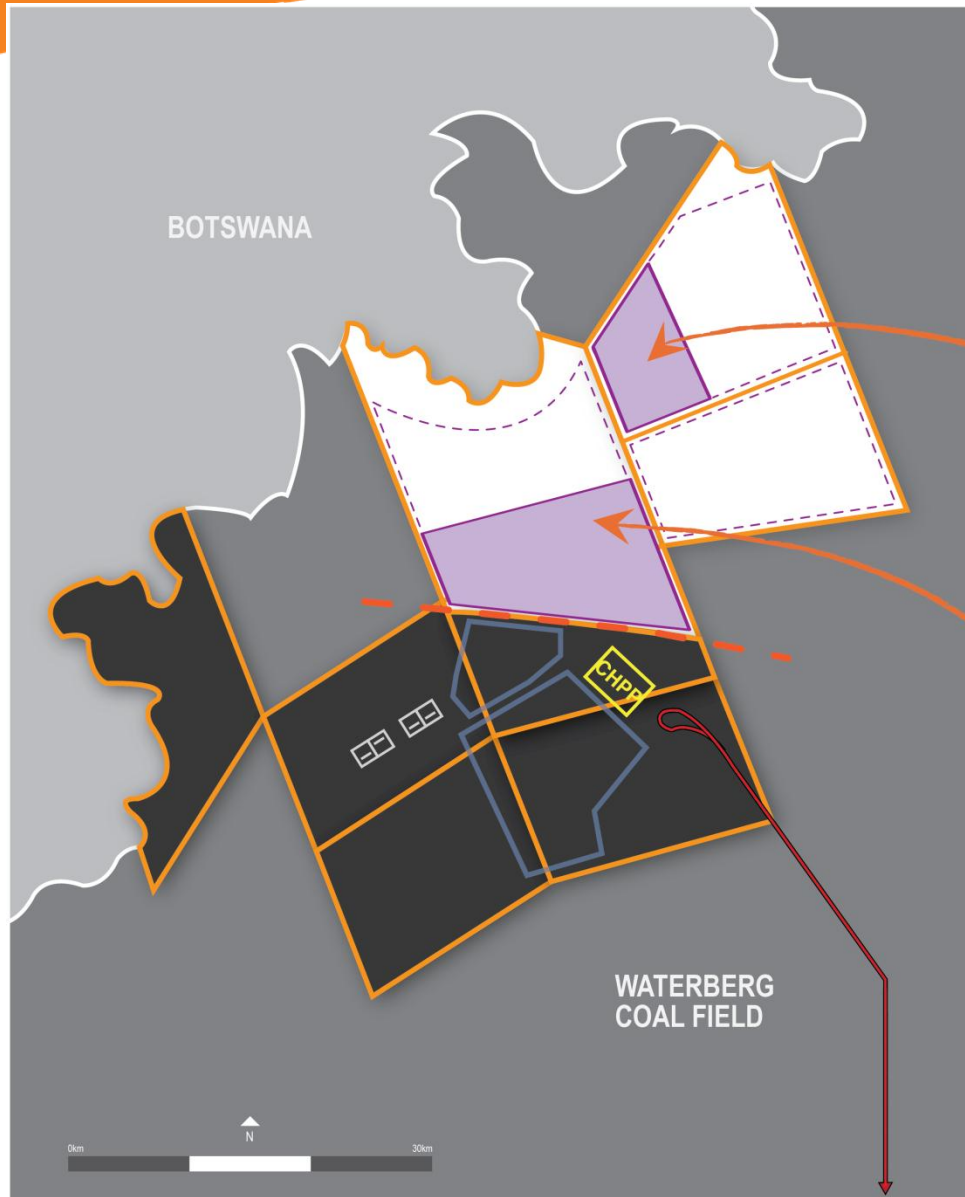
Thick coal seam, minimal overburden



Having secured its approval to mine for a massive, inexpensive to extract resource in South Africa, RES is now progressing to secure funding for mine construction.



Resource & reserve: 6.4 billion tonne resource



745 million tonnes
Probable Reserve

35% of
resource
area

Probable Reserve:
314 million tonnes (43% of area)

Probable Reserve:
431 million tonnes (31% of area)

Mine plan
ensures
bankable
status

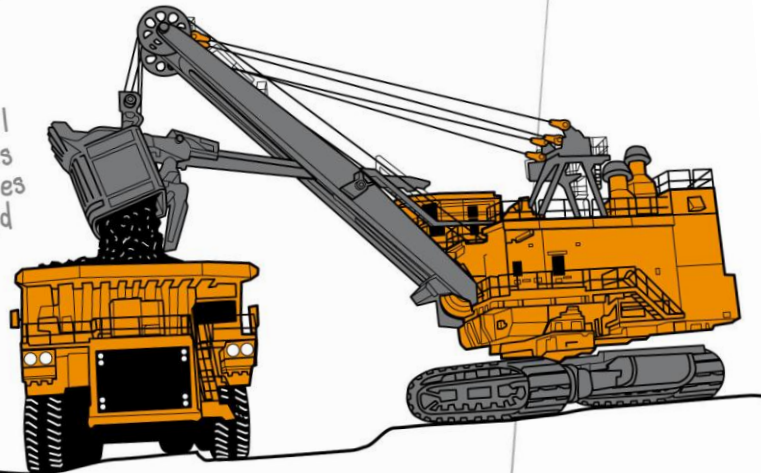


2 STAGE MINE DEVELOPMENT

1 Establish mine based on deliverable sales to both export & domestic markets

2 Expanded operation, fully utilises 1st shovel & truck fleet & introduces 2nd fleet

Key driver – with rail access and upgrades we can optimise sales to both export and domestic mkt

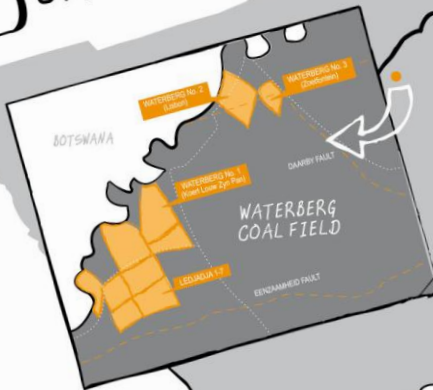


Bankable with funding via debt and equity.

Fundamental markets established

KEY MILESTONES 2011/12

- ☒ Mining right issued
- ☐ Project funding
- ☐ Commence mine construction
- ☐ Order mine fleet



Boikarabelo mine
- 6.4 billion tonne resource
120m thick coal seam at
shallow depth of 20-35m
745 million tonnes
- current probable reserve
Available access to
rail network

Mining Right

APPROVED

30 years +
renewable

Plan to secure
project debt first
then top up project
funding with equity.



Considerable number
of banks
comfortable with
project & provided
preliminary offers
for a PFA.

Conditions precedent to PFA



Transnet for rail haulage.



Rail contract
to haul product
to customers

Eskom for domestic
sales

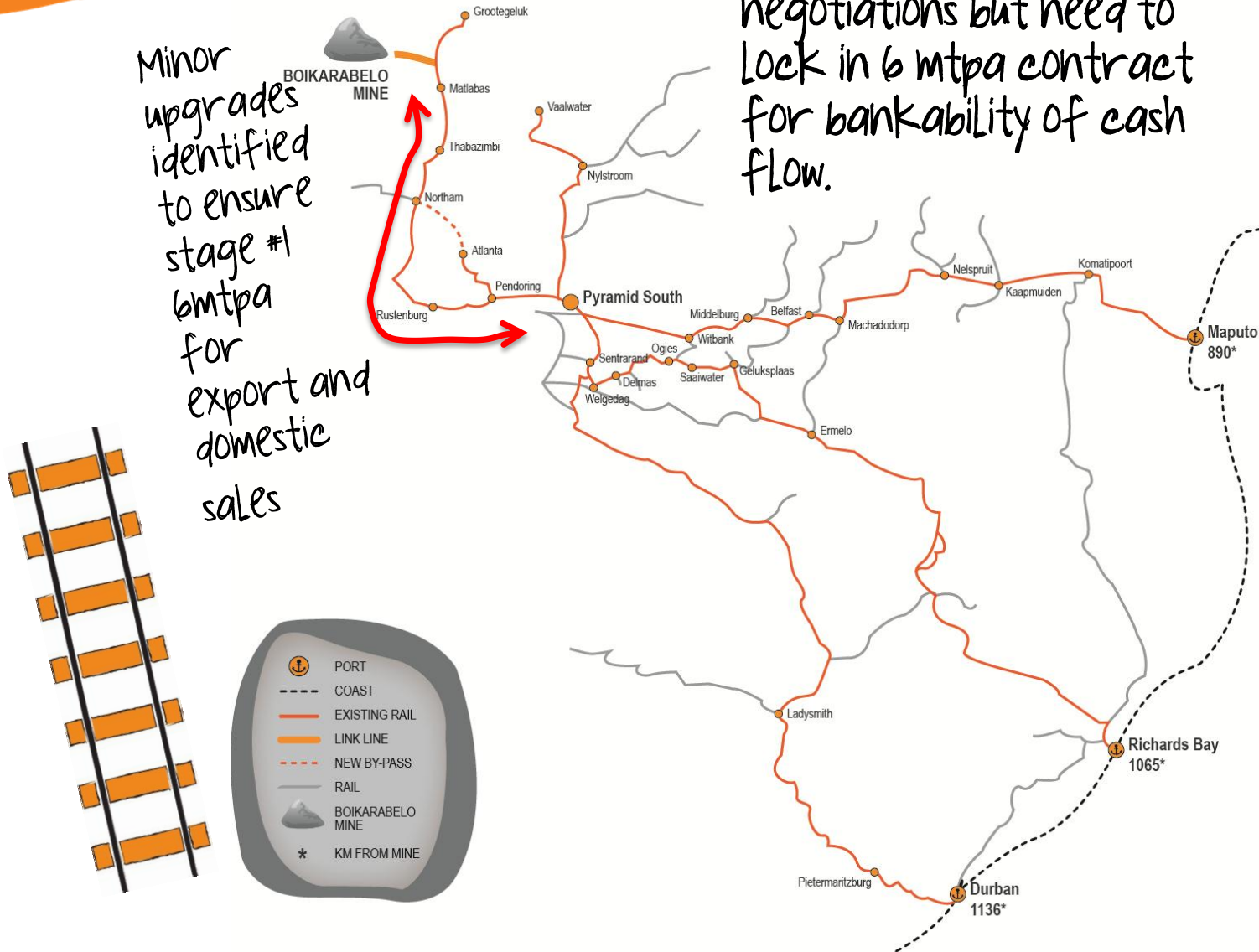


Sales contract
for domestic
saleable
production

Rail system to east coast ports

Transnet – positive negotiations but need to lock in 6 mtpa contract for bankability of cash flow.

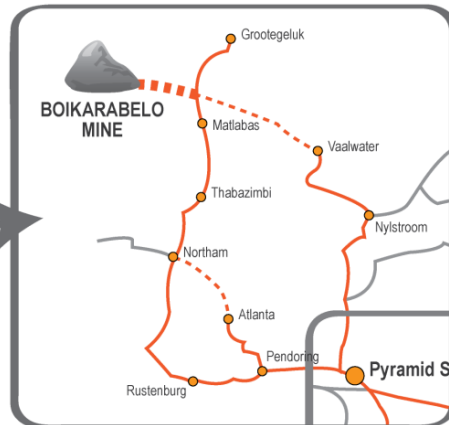
Minor upgrades identified to ensure stage #1 6mtpa for export and domestic sales



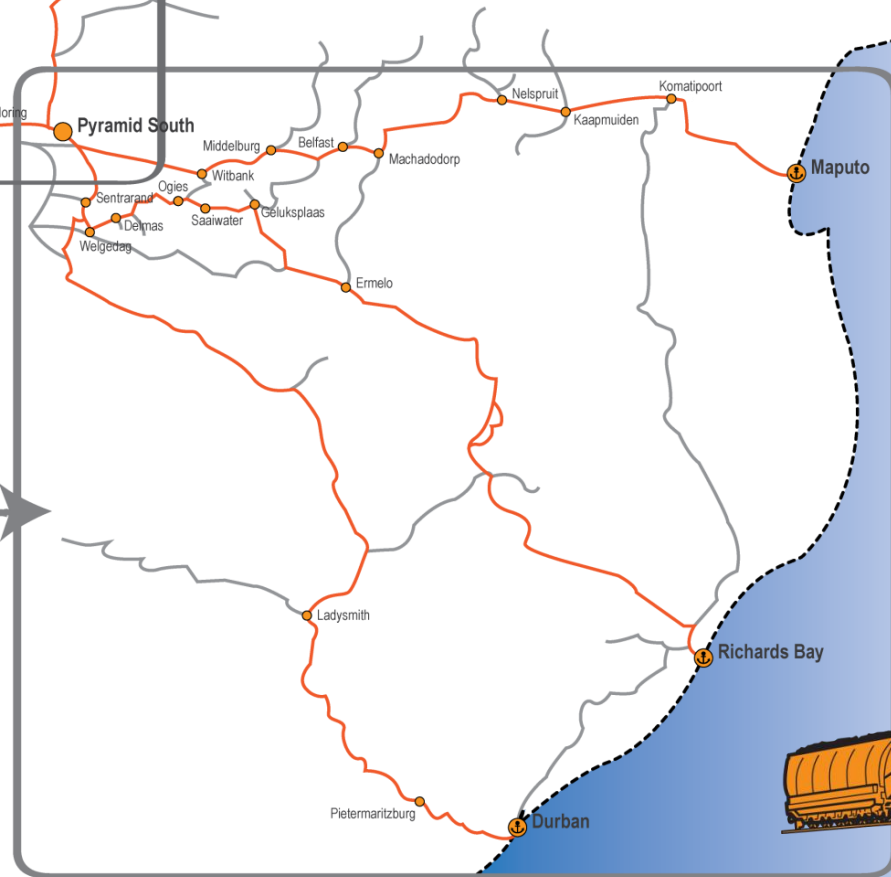
Rail studies: capacity to meet projected production targets

Studies undertaken
assessing both rail track
infrastructure and capacity as
well as additional rolling stock
requirements

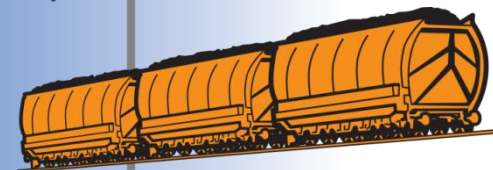
ROUTES FROM
BOIKARABELO
MINE TO A
COMMON RAILHEAD
AT PYRAMID SOUTH



EXPORT CORRIDOR
ROUTES FROM
PYRAMID SOUTH
TO THE PORTS OF
MAPUTO, RICHARDS BAY
AND DURBAN



26t axle
upgrade=
4 stages
resulting in
capacity of
46mt
from
Waterberg



Development timeline



When rail and domestic contracts in place will complete funding and start construction



KEY MILESTONES

- ☐ Continue mine construction
- ☐ Mine fleet build & delivery



Construction and delivery of mine fleet

2012/13



Mine production commences

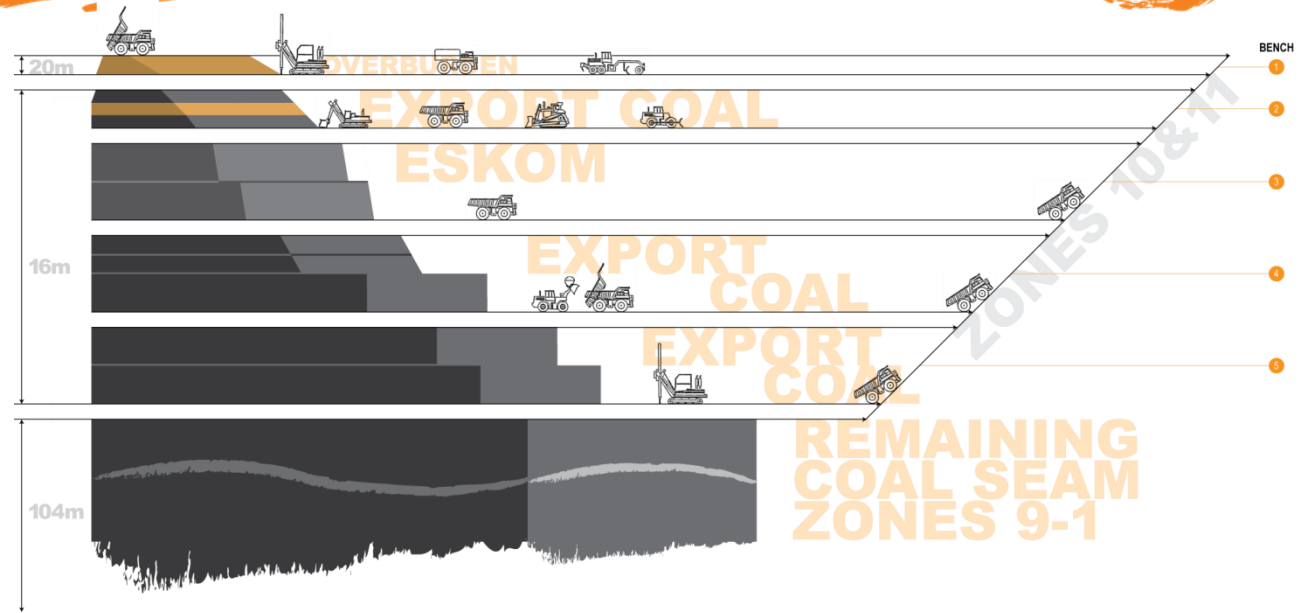
2014



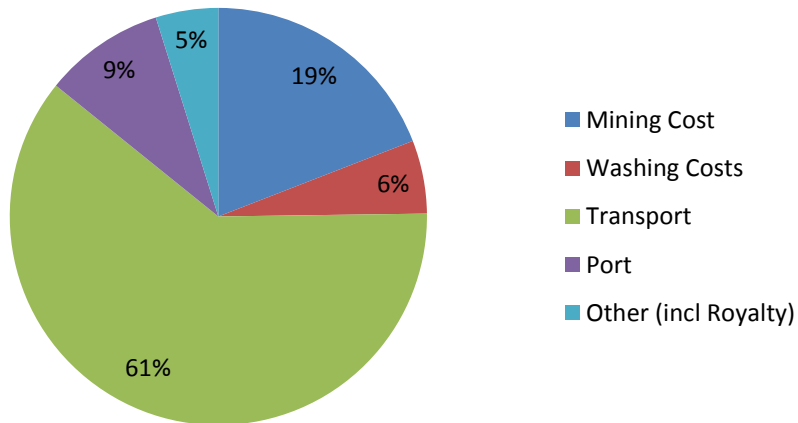
Operating costs



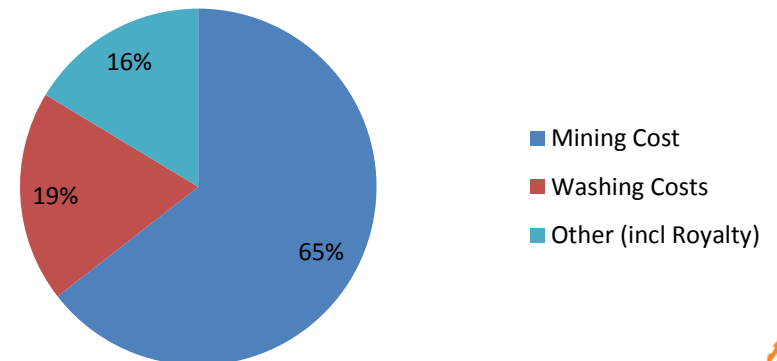
Low cost open cut mining: simple expansion to increase production



LOM Export Cost



LOM Eskom Cost
(distribution on FOT basis)



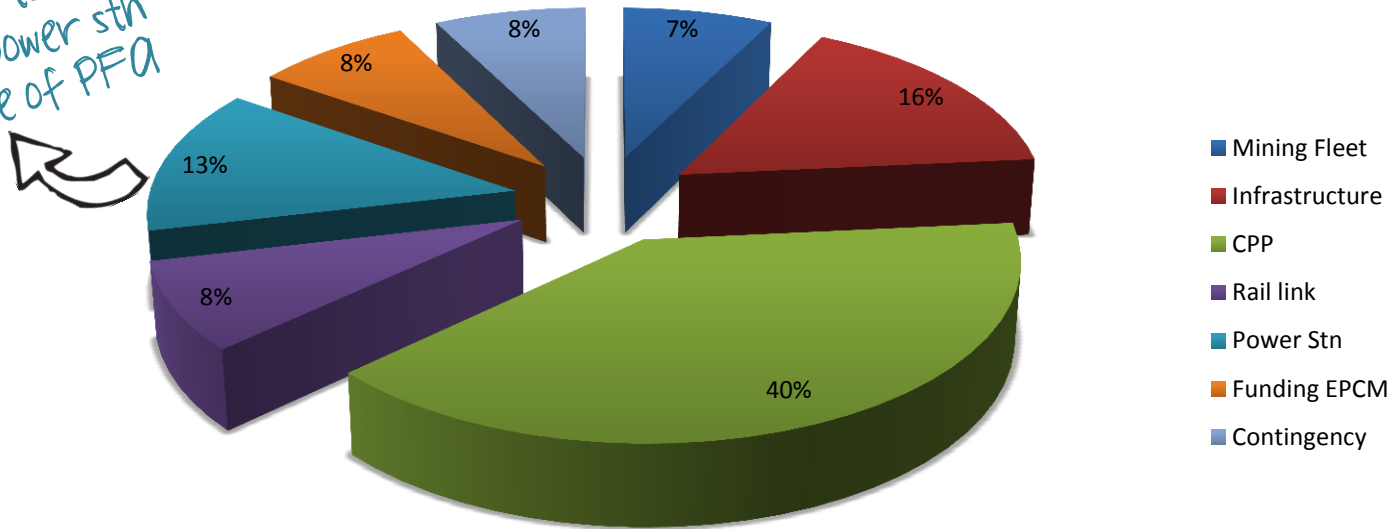
Project capex – final engineering completed



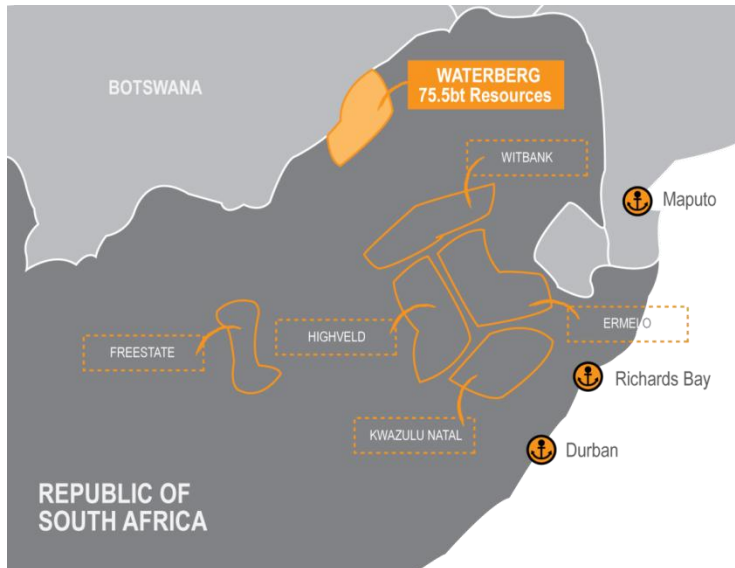
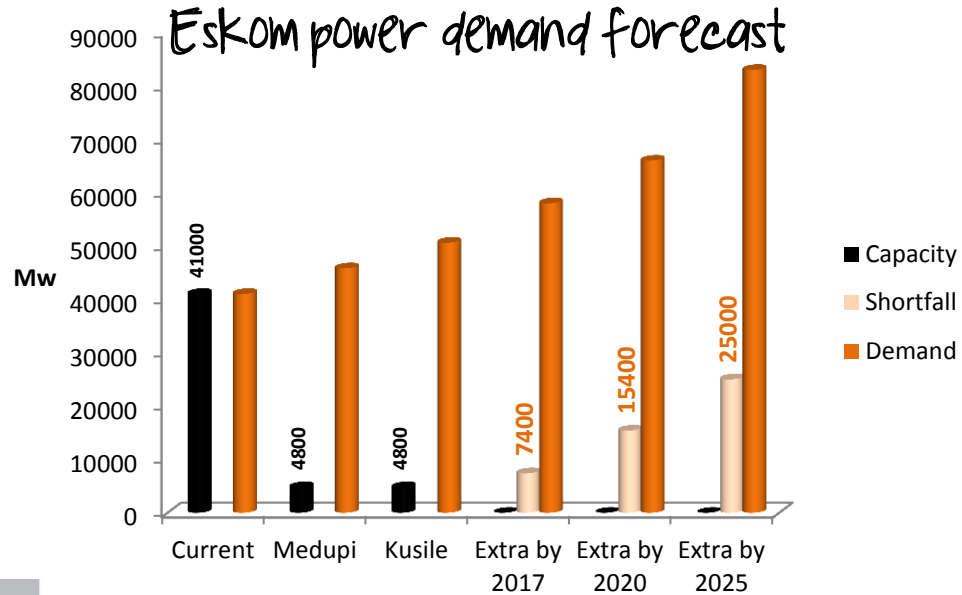
\$750 million
US\$m

*Aside from 40MW site based
power station numbers firm
and include funding and
EPCM costs.*

*Possible to debt
fund power stn
outside of PFA*



Domestic demand – new supply essential



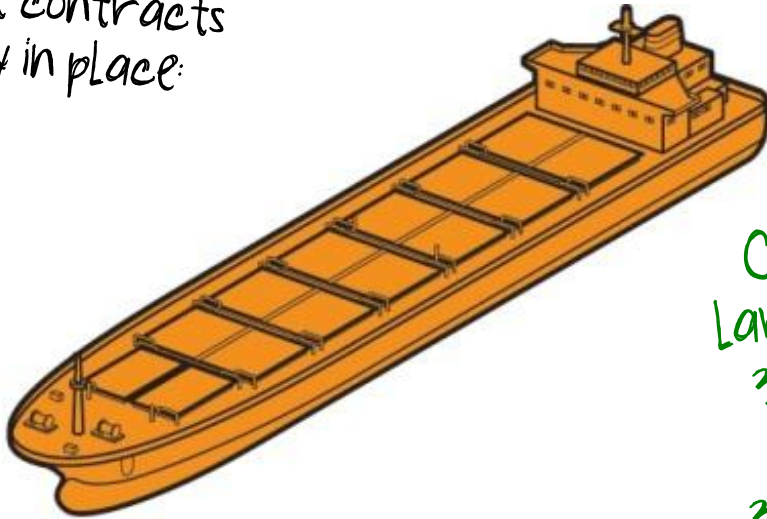
Production from Witbank/Highveld/Ermelo fields stagnating – future supply now considered finite



Waterberg coal field contains viable source of remaining coal = this is where new supply must be sourced

Export potential

2 Export contracts
already in place:



Bhushan Steel: rapidly expanding Indian company (\$2 billion) expanding into power generation: 20 year contract: 0.5 mtpa, 20 year contract, mutual option to increase.

Strategy to establish 3
– 4 Long term base
contracts that
provide upside
expansion to match
stage 2 production

CESC India's 3rd
largest power utility:
38 year contract:
1 mtpa 1st 3 years,
3 mtpa years 4 – 6*
4 mtpa years 7 – 38*

For example

*dependent on Stage 2 proceeding:
1 mtpa Y4–6
2 mtpa Y7–38

Production profile

Stage 2 model now underwritten by CESC
based on

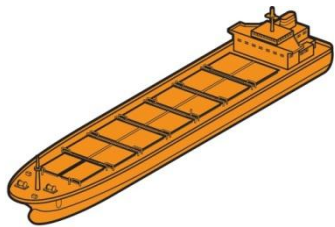
2 x 660MW mine based Power Station

Additional export offtake &
rail upgrade:



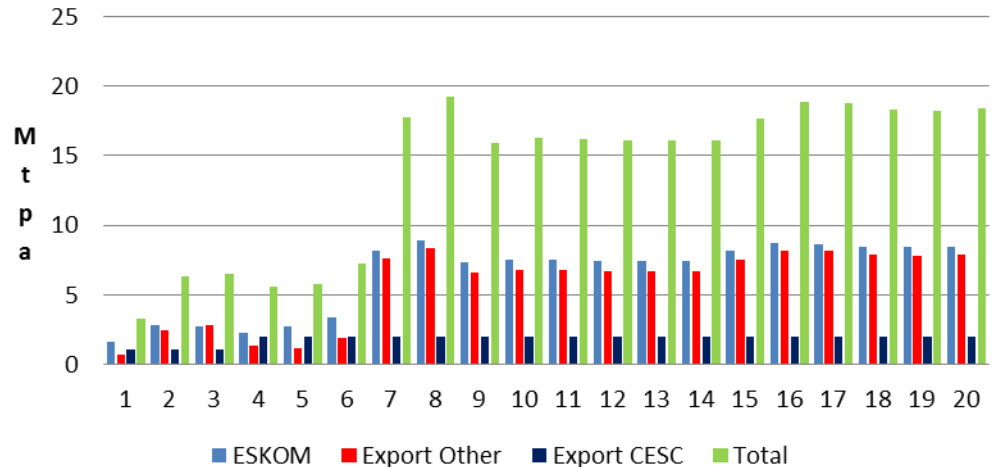
The new IPP
underwrites Stage 2
production by utilising
additional middlings &
unlocking additional
export production

Maximises
equity return



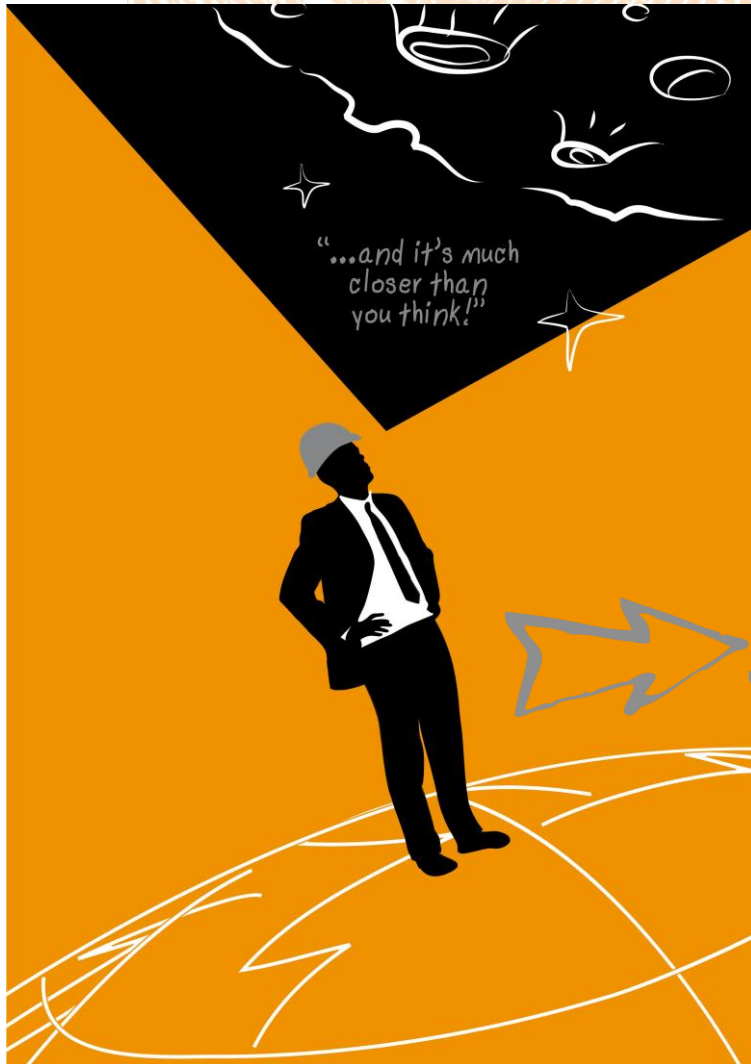
1 x 38 year
1 x 20 year
Export contracts in
place: CESC India's
3rd Largest power
utility; & Bhushan Steel

Sales Tonnage Upside



increased supply to CESC to meet
capacity = 3mtpa / 1,000 MW increase.

Thank you



www.resgen.com.au

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